

Monthly report

For the period ended 31 May 2025

Market performance summary

– May in a snapshot

- In May, the Reserve Bank of New Zealand cut the Official Cash Rate to 3.25% to support the recovering economy.
- May delivered positive investment returns for all investment options in the NZDF Savings Schemes.
- The quarterly investment report for the period ending 31 March ranks the NZDF KiwiSaver Scheme in the top quartile of performers across almost all portfolios. This shows that the changes to investment structure made mid 2024 are starting to have a positive impact.
- If you are considering changing your investment options, pausing contributions, or making a withdrawal, it is very important that you seek financial advice. A fund withdrawal in times of volatility may not be the best move for many wanting to withdraw funds. Please contact the Become Wealth team on **0508 BECOME (0508 232 663)** or email hello@become.nz.
- If you are a member of the New Zealand Defence Force KiwiSaver Scheme or DFSS Cat B member, you have until the end of June 2025 to maximise the 2024-2025 Government Contributions. Log into your online account and see how you're tracking [here](#).



Monthly Commentary Ended 31 May 2025

The New Zealand economy is recovering after a period of decline, boosted by lower interest rates and high commodity prices (e.g. dairy, aluminium, meat, wool, forestry and horticultural prices).

However, tariffs and increasing policy uncertainty internationally are expected to slow down global growth, which may hinder New Zealand's economic recovery and reduce domestic inflation pressures in the medium term. However, there is still a lot of uncertainty regarding these predictions.

New Zealand's unemployment rate remained steady at 5.1% in Q1 2025, which is better than the expected increase to 5.3%. Although there have been some improvements in growth, unemployment is still high following the 2024 recession and ongoing trade uncertainties, making future monetary policy unpredictable.

Internationally, the US is likely heading into a mild recession due to recent tariff announcements and uncertainty, which may also slow growth in other regions. In Europe, Germany's fiscal boost could support growth, but US trade tensions may create challenges. China's economy might slow down as well, but the government may implement looser fiscal policies for support. Central banks in developed countries are expected to gradually cut interest rates, except for the Bank of Japan, which is likely to continue raising rates due to high inflation.

In May, New Zealand shares rose by 4.3% and international shares increased by 5.9%, with the de-escalation of tariff threats as a major catalyst alongside the potential extension of US tax cuts. The Magnificent 7 shares (Alphabet, Amazon, Apple, Meta Platforms, Microsoft, Nvidia and Tesla) experienced another solid month, increasing by 13.4%. Oil prices also increased, while gold prices dropped due to reduced demand for safe-haven assets. The agriculture sector faced losses, particularly in coffee and corn, but energy, industrial metals, and livestock sectors performed well, with The Organisation of the Petroleum Exporting Countries Plus announcing further increases in oil production for July.





Monthly Commentary Ended 31 May 2025



United States

- In the US, President Trump’s “One Big Beautiful Bill Act,” which extends tax cuts from his first term and introduces additional reductions, has passed in the House of Representatives and is now moving to the Senate.
- The recent tariff announcements and resulting uncertainty is likely to push the US into a mild recession and cause a moderate slowdown elsewhere. The main risk to the US is the potential for a sudden fiscal tightening due to the sharp rise in import prices.

Global

Central banks around the developed world are likely to gradually cut interest rates in response to slowing growth. An exception is the Bank of Japan, which is expected to continue its rate-hiking cycle, as inflation remains above target.

New Zealand

The Reserve Bank of New Zealand reduced the Official Cash Rate (OCR) by 0.25%, bringing the OCR down to 3.25%.

Become Wealth Monthly Commentary Ended 31 May 2025

Smartphones

These days, the smartphone in your pocket is more than a thousand times more powerful than the computers that guided the first astronauts to the moon, and boasts about 250,000 times the memory.

One upside of all this innovation is the sheer speed and volume of information we now receive, especially financial and economic information. Gone are the days of waiting for the 6 o'clock news to learn what happened in the markets, geopolitics, or other areas. If we want, we can track it all in real-time.

But that raises a more important question: Do we need to be constantly plugged in to have a successful investing experience? (Or a fulfilling life, for that matter?)

For investing, the answer starts with understanding how much of an edge we really gain from having access to this flood of information. After all, the typical investor using a market-tracking app on their phone still isn't competing on equal footing with the institutions spending millions on cutting-edge infrastructure and high-frequency trading algorithms. Simply having access to the same headlines doesn't result in the same outcomes.

Another piece of the puzzle is knowing what you're aiming for. Is your goal to beat the market by spotting pricing inefficiencies and timing trades to perfection? That can be exciting, sure. But unless you have a hedge fund's technology budget, it might be wise to rethink that strategy.

For most of us, investing isn't about excitement or winning. It's about reaching life goals: buying a home, supporting our kids through school, giving back to the community, and of course securing a comfortable retirement. In this sense, the investments are just the vehicle, not the destination.

So maybe the most useful data point isn't what's flashing across the stock ticker, but what's going on in your own world. Ask yourself:

- What do I really want from life?
- Where am I today, and what (if anything) needs to change to get me to my desired future?
- How much can I regularly save or invest?
- How much risk am I comfortable with to achieve my desired future?
- What risks in life have I protected against, or not?

The answers to these inward-facing questions often matter more than trying to outguess market movements. For most investors, success doesn't come from outsmarting the markets. Instead it comes from building a well-diversified portfolio tailored to long-term goals, managed in a cost-effective and tax-efficient way.

Our time is limited. So before diving into investment decisions or spending hours "doom-scrolling" market updates or other news items, it's worth taking a step back. Start with you. That's where the most powerful insight usually lies.

What Next?

To help you on your way to financial freedom, especially how you can make the most of investments with one-or-more NZDF Savings Schemes, book your complimentary initial consultation today:

0508 BECOME (0508 232 663)
hello@become.nz

Joseph Darby
Chief Executive
Become Wealth



Become Wealth Limited believes the information in this publication is correct, and it has reasonable grounds for any opinion or recommendation found within this publication on the date of this publication. However, no liability is accepted for any loss or damage incurred by any person as a result of any error in any information, opinion or recommendation in this publication. Nothing in this publication is, or should be taken as, an offer, invitation or recommendation to buy, sell or retain any investment in or make any deposit with any person. The information contained in this publication is general in nature. It may not be relevant to individual circumstances. Before making any investment, insurance or other financial decisions, you should consult a professional financial adviser. This publication is for the use of persons in New Zealand only.

Investment Returns For Periods Ended 31 May 2025

New Zealand Defence Force FlexiSaver Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.19	0.65	0.43	3.27	2.01
	Conservative	0.69	0.01	0.82	4.40	1.98
	Moderate	1.64	0.06	1.44	5.97	3.48
	Balanced	2.60	-0.24	1.93	7.37	5.13
	Growth	3.58	-0.50	2.40	8.56	6.88
	High Growth	5.26	-0.59	2.93	9.83	8.16
	Shares	5.04	-1.53	2.80	10.02	8.66
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.19	0.72	0.47	3.73	2.28
	Conservative	0.69	0.21	1.01	5.02	2.20
	Moderate	1.62	0.10	1.48	6.35	3.69
	Balanced	2.64	-0.09	2.06	7.74	5.39
	Growth	3.58	-0.44	2.42	8.72	7.25
	High Growth	5.24	-0.43	3.01	10.19	8.56
	Shares	5.02	-1.45	2.80	10.01	8.98
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.23	0.78	0.51	4.00	2.48
	Conservative	0.69	0.26	1.06	5.28	2.27
	Moderate	1.63	0.20	1.53	6.69	3.87
	Balanced	2.61	-0.09	2.04	7.85	5.54
	Growth	3.57	-0.44	2.39	8.82	7.41
	High Growth	5.29	-0.40	3.07	9.92	8.77
	Shares	5.09	-1.40	2.84	10.05	9.22

Notes

- The investment returns shown on this page are based on the unit price movements of each investment portfolio and are after tax at the rate indicated and after fund charges that are charged within the unit prices.
- Each investor's returns within an investment portfolio will depend on timing of contribution payments and actual fees charged allowing for any fee rebates. The after tax and fees returns shown are therefore indicative of investment results but June differ from the actual after fees and tax returns achieved by individual investors.

* FYTD means Financial Year to Date, which is from 1 April 2025

Investment Returns For Periods Ended 31 May 2025

New Zealand Defence Force KiwiSaver Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.18	0.63	0.41	3.35	2.01
	Conservative	0.86	0.10	1.00	5.21	2.24
	Moderate	1.74	-0.14	1.44	6.21	3.50
	Balanced	2.70	-0.48	1.93	7.42	4.96
	Growth	3.65	-0.96	2.25	8.44	6.62
	High Growth	4.57	-1.28	2.61	9.62	7.95
	Shares	5.10	-1.52	2.80	10.11	8.75
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.20	0.74	0.49	3.85	2.31
	Conservative	0.87	0.20	1.08	5.61	2.33
	Moderate	1.75	-0.03	1.50	6.52	3.60
	Balanced	2.70	-0.32	2.03	7.78	5.16
	Growth	3.68	-0.79	2.37	8.61	6.91
	High Growth	4.56	-1.13	2.68	9.76	8.22
	Shares	5.06	-1.38	2.89	10.24	9.14
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.22	0.79	0.52	4.15	2.48
	Conservative	0.85	0.22	1.10	5.96	2.72
	Moderate	1.73	-0.01	1.50	6.85	3.93
	Balanced	2.67	-0.31	2.00	7.85	5.28
	Growth	3.78	-0.53	2.52	9.08	7.19
	High Growth	4.65	-0.95	2.83	10.01	8.64
	Shares	5.11	-1.38	2.86	10.30	9.39

Notes

- The investment returns shown on this page are based on the unit price movements of each investment portfolio and are after tax at the rate indicated and after fund charges that are charged within the unit prices.
- Each investor's returns within an investment portfolio will depend on timing of contribution payments and actual fees charged allowing for any fee rebates. The after tax and fees returns shown are therefore indicative of investment results but June differ from the actual after fees and tax returns achieved by individual investors.

* FYTD means Financial Year to Date, which is from 1 April 2025

Investment Returns For Periods Ended 31 May 2025

Defence Force Superannuation Scheme

PIR	Fund	1 Month %	3 Months %	FYTD [*] %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.20	0.64	0.43	3.32	2.04
	Conservative	0.95	0.09	0.99	5.20	2.25
	Moderate	1.74	-0.18	1.40	6.10	3.51
	Balanced	2.72	-0.49	1.92	7.38	5.03
	Growth	3.67	-0.92	2.30	8.35	6.67
	High Growth	4.53	-1.25	2.60	9.49	7.93
	Shares	5.08	-1.53	2.78	9.89	8.69
PIR	Fund	1 Month %	3 Months %	FYTD [*] %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.16	0.62	0.39	3.35	2.25
	Conservative	0.86	0.23	1.09	5.68	2.40
	Moderate	1.75	-0.01	1.49	6.65	3.78
	Balanced	2.70	-0.39	1.95	7.55	5.33
	Growth	3.70	-0.67	2.47	8.75	7.01
	High Growth	4.61	-1.09	2.76	9.80	8.39
	Shares	5.10	-1.39	2.83	10.30	9.29
PIR	Fund	1 Month %	3 Months %	FYTD [*] %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.23	0.80	0.53	4.10	-
	Conservative	0.76	0.13	1.03	5.80	-
	Moderate	1.73	-0.02	1.51	6.71	-
	Balanced	2.71	-0.27	2.06	7.91	5.30
	Growth	3.71	-0.70	2.41	8.81	7.17
	High Growth	4.58	-1.04	2.71	9.95	8.52
	Shares	5.13	-1.35	2.89	10.39	9.34

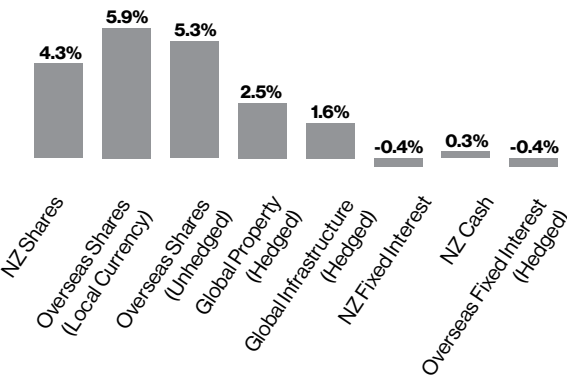
Notes

- The investment returns shown on this page are based on the unit price movements of each investment portfolio and are after tax at the rate indicated and after fund charges that are charged within the unit prices.
- Each investor's returns within an investment portfolio will depend on timing of contribution payments and actual fees charged allowing for any fee rebates. The after tax and fees returns shown are therefore indicative of investment results but June differ from the actual after fees and tax returns achieved by individual investors.
- '-' indicates that investment option was not operating for the full period or did not have funds invested for the full period.

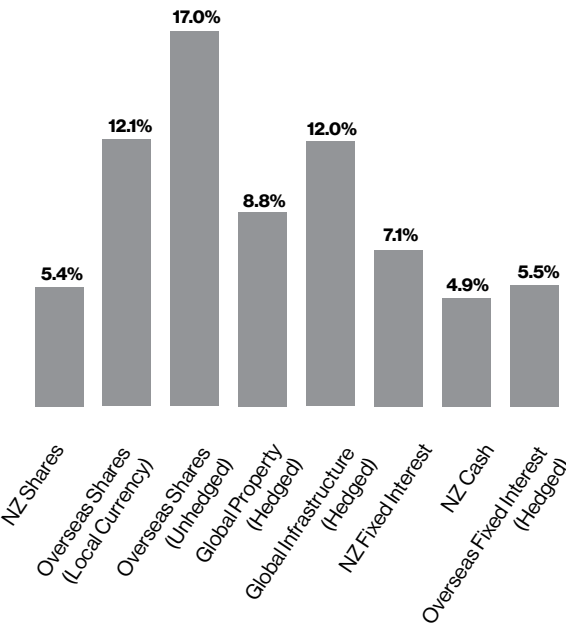
* FYTD means Financial Year to Date, which is from 1 April 2025

Investment Returns For Periods Ended 31 May 2025

One Month



One Year



Key

- NZ Shares**
S&P/NZX 50 (with ICs)
- Overseas Shares (Local Currency)**
MSCI World (Local Currency)
- Overseas Shares (Unhedged)**
MSCI World (Unhedged)
- Global Property (Hedged)**
FTSE EPRA NAREIT Developed
- Global Infrastructure (Hedged)**
FTSE Global Core Infrastructure 50/50
- NZ Fixed Interest**
Bloomberg NZ Bond Composite
- NZ Cash**
ANZ 90 Day Bank Bills
- Overseas Fixed Interest (Hedged)**
Bloomberg Global Aggregate

This document was prepared by New Zealand Defence Force (NZDF), Become Wealth and Mercer (N.Z.) Limited (Mercer). The document has been published as a general information service and does not take account of the investment objectives, financial situation and/or particular needs of any person. Before making any investment decision, you should refer to the Product Disclosure Statement or consult an appropriately qualified financial adviser. For information about this product, please refer to the Product Disclosure Statement which is available free of charge on www.nzdfsavings.mil.nz. More information can also be found in the latest fund updates available on www.nzdfsavings.mil.nz. Neither NZDF, Become Wealth, nor Mercer or any related parties accepts any responsibility for any inaccuracy. Past performance should not be relied upon as an indicator of future performance.

Copyright 2025 Mercer (N.Z.) Limited. All rights reserved.